

Message Text

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ACTION EUR-25

INFO OCT-01 AF-10 ISO-00 NEA-10 AEC-11 AID-20 CEA-02

CIAE-00 CIEP-02 COME-00 DODE-00 EB-11 FEA-02 FPC-01

H-03 INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07

RSC-01 SAM-01 SCI-06 SPC-03 SS-20 STR-08 TRSE-00 PA-04

PRS-01 USIA-15 SAJ-01 DRC-01 /195 W

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R 071455Z MAR 74

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 1553

INFO US MISSION EC BRUSSELS 661

AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY OSLO

US MISSION OECD PARIS 1656

AMEMBASSY TRIPOLI

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E.O. 11652 N/A

TAGS: PFOR, ENRG, ETRD, SW

SUBJECT: PRIME MINISTER JALLOUD'S VISIT TO SWEDEN

REF: STOCKHOLM 909 (NOTAL)

1. SUMMARY. PRIME MINISTER JALLOUD OF LIBYAN ARAB REPUBLIC AND PARTY OF 40 MEMBERS WOULD UP THREE-DAY VISIT TO SWEDEN ON MARCH 6 FOLLOWING WHICH A JOINT COMMUNIQUE AND AN AGREED PROTOCOL REGARDING POSSIBILITIES FOR EXPANDED ECONOMIC AND INDUSTRIAL COVERAGE BETWEEN LIBY AND SWEDEN WERE ISSUED TO THE PRESS. NO CONCRETE RESULTS RELATING TO OIL EMERGED THOUGH PROPOSAL TO ESTABLISH JOINT REFINERY FACILITIES IN SWEDEN AND THE IMPORTATION OF 1 - 2 MILLION METRIC
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TONS OF OIL ANNUALLY WILL BE EXPLORED. END SUMMARY.

2. IN POLITICAL AREA COMMUNIQUE CONTAINS FOLLOWING:

A. REGARDING MIDDLE EAST, IMPORTANCE WAS STRESSED TO IMPLEMENTATION OF UN RESOLUTION AND LEGITIMATE RIGHTS OF PALESTINIAN PEOPLE AND INADMISSABILITY OF ACQUIRING FOREIGN TERRITORIES BY MILITARY FORCE WERE EMPHASIZED.

B. WHOLE-HEARTED SUPPORT WAS EXPRESSED FOR LIBERATION MOVEMENTS IN AFRICA, ASIA AND LATIN AMERICA.

C. BOTH SIDES AGREED TO NECESSITY FOR COOPERATION AND SOLIDARITY AS WELL AS INCREASED EXCHANGE OF IDEAS AND EXPERIENCES BETWEEN SMALL NATIONS OUTSIDE THE MILITARY ALLIANCES TO ACHIEVE AND PRESERVE NATIONAL INDEPENDENCE AND SOVEREIGNTY.

D. PRIME MINISTER PALME ACCEPTED AN INVITATION TO VISIT LIBYAN ARAB REPUBLIC.

3. IN ECONOMIC AREA REFERENCE IS MADE TO RELATIONSHIP BETWEEN DEVELOPED AND DEVELOPING COUNTRIES AND RIGHTS OF RAW MATERIAL PRODUCING COUNTRIES TO FREELY DISPOSE OF THEIR OWN NATURAL RESOURCES; BOTH PARTIES EXPRESSED APPRECIATION OF THE ALGERIAN PROPOSAL ON ENERGY TO BE TAKEN UP IN UN; AND IT NOTES WITH SATISFACTION STRONG POSITIVE DEVELOPMENTS IN BILATERAL RELATIONS BETWEEN TWO COUNTRIES SINCE 1969 AND AGREES THERE IS EXCELLENT POSSIBILITY FOR FURTHER DEVELOPMENT. A JOINT WORKING GROUP FOR ECONOMIC, TECHNICAL AND INDUSTRIAL COOPERATION IS TO BE ESTABLISHED AND GROUP WILL MEET WITHIN THREE MONTHS TO REALIZE THIS INTENTION.

4. AGREED PROTOCOL ON ECONOMIC COOPERATION.

AGREEMENT WAS REACHED FOR COOPERATION IN AGRICULTURE, INFRA-STRUCTURE DEVELOPMENT, IN VARIOUS INDUSTRIAL SECTORS, VOCATIONAL TRAINING, MINERAL PROSPECTING AND MINING, TECHNICAL KNOW-HOW EXCHANGES, ETC. ON OIL, INTEREST WAS EXPRESSED FOR EXPANDING TRADE, AND LIBYA DECLARED IT IS PREPARED TO SUPPLY SWEDEN WITH CRUDE OIL AND REFINED PRODUCTS DURING THE NEXT TEN YEARS. PRICE WAS NOT MENTIONED. (PRESS REPORTED EARLIER SWEDISH LIMITED OFFICIAL USE

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COMMENT THAT CURRENT PRICES ARE TOO HIGH.) BECAUSE OF LIMITED REFINERY CAPACITY IN SWEDEN, CRUDE OIL IMPORTS WILL BE CONFINED INITIALLY TO 1 - 2 MILLION TONS ANNUALLY. DISCUSSIONS TOOK PLACE ON THE POSSIBILITY OF BUILDING JOINTLY-OWNED PETROLEUM REFINERY IN SWEDEN AND AGREEMENT WAS REACHED TO STUDY ITS FEASIBILITY. LIBYA INDICATED A DESIRE TO PURCHASE FROM SWEDEN CEMENT, PAPER, STEEL AND LUMBER ON A CONTINUING BASIS, AS WELL AS AN INTEREST IN ORDERING

OIL TANKERS AND DRY CARGO SHIPS FOR DELIVERY AT EARLIEST DATE.

5. COMMENT: CHARGE, IN TALKS WITH MFA OFFICAL (WACHTMEISTER), LATTER SAID VISIT HAD GONE BETTER THAN EXPECTED AND JALLOUD WAS "MORE SERIOUS" THAN ANTICIPATED. ON SWEDISH CONCERN THAT JALLOUD WOULD REQUEST SWEDISH MILITARY EQUIPMENT, WACHTMEISTER SAID SWEDISH AMBASSADOR IN TRIPOLI TOLD LIBYAN GOVERNMENT NO SWEDISH ARMS WERE AVAILABLE. JALLOUD RAISED SAME MATTER DURING VISIT, BUT HE WAS TOLD AGAIN SWEDEN COULD NOT SEND ANY KIND OF ARMS INTO TROUBLED MIDEAST AREA ANYTIME IN FORESEEABLE FUTURE. AT PRESS CONFERENCE JALLOUD SAID IN TALKING TO PRIME MINISTER PALME " GOT IMPRESSION SWEDISH GOVERNMENT WAS WHOLLY ON SIDE OF ARABS". PALME LATER ASSURED PRESS SWEDEN'S FOREIGN POLICY REMAINS UNCHANGED. ON REFINERY PROPOSAL, SWEDEN MAY HOPE TO OBTAIN ASSURED SUPPLY OF LIBYAN OIL, BUT ON OTHER HAND, SUCH AN AGREEMENT COMBINED WITH BUILDING OF REFINERY IN SWEDEN COULD CREATE STICKY OBLIGATIONS WHICH COULD WORK TO SWEDEN'S DISADVANTAGE. IN THIS CONNECTION, BRITISH PETROLEUM AND SHELL PROPOSALS FOR EXPANDING REFINING CAPACITY IN SWEDEN COULD BE WITHDRAWN IF JOINT LIBYAN PLANT GOES FORWARD. IT COULD ALSO COMPLICATE RELATIONS WITH INTERNATIONAL OIL COMPANIES WHOSE SUPPORT IS ESSENTIAL TO MEET SWEDISH OIL REQUIREMENTS.

6. TEXT OF COMMUNIQUE AND INFORMAL EMBASSY TRANSLATION OF PROTOCOL WILL BE POUCHED TO DEPARTMENT AND AMEMBASSY TRIPOLI.
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